

## Message Text

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11

ACTION EB-11

INFO OCT-01 NEA-10 ADP-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 SAL-01 OMB-01 NSC-10 SS-14 STR-08

CEA-02 L-03 IGA-02 RSR-01 /125 W  
----- 062283

R 300800 Z MAR 73

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 9230

INFO AMEMBASSY ISLAMABAD

C O N F I D E N T I A L DACCA 1376

E. O. 11652: GDS

TAGS: EFIN, EAID, BD, PK, IBRD

SUBJECT: DIVISION OF PAKISTAN DEBT

1. MACDONALD, REES AND SCHWARZWALDER MET MORNING OF MARCH 29 WITH DEPUTY PC CHAIRMAN NU QUL ISLAM FOR SUBSTANTIVE DISCUSSION OF AGENDA OF FORTHCOMING AID GROUP MEETING. IN PRIVATE FOLLOWING SESSION ISLAM TOLD MACDONALD PRIME MINISTER MUJIB HAD ESTABLISHED A COMMITTEE COMPOSED OF MINISTERS FINANCE AND FOREIGN AFFAIRS AND DEPUTY CHAIRMAN, PC TO BE RESPONSIBLE FOR ADVISING HIM ON SUBJECT PROBLEM.

2. ISLAM ALLUDED TO HAVING RECEIVED VARIOUS SPORADIC REPORTS OF PAK CONSORTIUM DISCUSSION THIS PROBLEM IN PARIS LAST WEEK BUT SEEMS LIKELY THREE- MAN COMMITTEE WAS PUT IN PLACE PRIOR BDG RECEIPT THESE REPORTS AND SOME PRESS TREATMENT OF THEM THERE TODAY. ISLAM REMARKED CONSORTIUM SHOULD NOT HAVE ACQUIESCED IN PAKISTAN'S ABDICATION CONTINUING LIABILITY. ALSO EXPRESSED SPECIAL CONCERN THAT BDG'S OBJECTIVES FOR LONG PLANNED MEETING OF BANGLADESH AID DONORS NOT BE THWARTED BY DIVERSION DONOR ATTENTION TO DEBT PROBLEM TO EXCLUSION OF ATTENTION DEVELOPMENT PLANS AND FINANCING REQUIREMENTS. NOTING EXTREME POLITICAL SENSITIVITY THIS SUBJECT, HE SAID IT WOULD BE GRIEVOUS MISTAKE TO ADDRESS SUBJECT  
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IN ANY OF THE FORMAL SCHEDULED SESSIONS. ACKNOWLEDGING CREDITORS' CONCERN AND, APPARENTLY, LEGITIMACY THEIR DESIRE SPEAK WITH BANGLADESH AUTHORITIES ON THIS SUBJECT, HE SAID SPECIAL COMMITTEE WAS PREPARED DISCUSS IT WITH THEM OR THEIR SPOKESMEN, BUT ADDED THAT UNDER NO CIRCUMSTANCES SHOULD CREDITORS EXPECT ELICIT BDG ACCEPTANCE LIABILITY FOR ANY SHARE OF PAK DEBT THIS WEEK. AGAIN HE ACKNOWLEDGED PROBLEM OF THE CREDITORS, ABOUT WHICH BDG WISHED TO BE COOPERATIVE, BUT QUESTION OF RECOGNITION WAS INEXTRICABLY INVOLVED IN DEBT ISSUE. GOP COULD NOT HAVE IT BOTH WAYS. BANGLADESH WAS PREPARED SPEAK TO PROBLEM TRILATERALLY WITH CREDITORS AND GOP, BUT CREDITORS SHOULD PREVAIL UPON PAKISTAN TO GRANT RECOGNITION AND JOINING IN SUCH DISCUSSIONS.

3. MACDONALD REPLIED THAT IT APPEARED BE SENSE OF THE CONSORTIUM THAT SOLUTION OF DEBT PROBLEM COULD AND SHOULD BE PURSUED - DIRECTLY OR INDIRECTLY - SEPARATE FROM RECOGNITION QUESTION OR OTHER ANCILLARY CONSIDERATIONS AND USG SHARED THIS VIEW.

4. IN ANSWER TO MACDONALD'S INQUIRY ON HOW BEST APPROACH DISCUSSION THIS CHARGED PROBLEM, ISLAM SOLICITED US DEL HELP IN AVOIDING DISCUSSION DEBT DIVISION IN FORMAL SCHEDULED AID GROUP SESSIONS AND ASSISTANCE IN WORKING FOR MODERATION WITHIN CONSORTIUM IN ANY SPECIAL MEETING WITH THE BDG COMMITTEE.

5. US DEL WILL BE TAKING SOUNDINGS OF DISCUSSIONS CARGILL AND OTHER DELS WILL HAVE HAD PRIOR CLOSED CREDITORS MEETING CALLED BY CARGILL FOR EVENING OF MARCH 30.  
NEWBERRY

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

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**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**TAGS:** EAID, EFIN, BD, PK, IBRD  
**To:** EB  
ISLAMABAD  
SECSTATE WASHDC  
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